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FRP: , 3, , , , ,

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ACTION: NONE INFO: FILE, RF, CMASS-E, CR/E, DCD-3, EUR/I,
 EUR/RR, EUR/STF, IAD/PE, MASS/EC, NICAG/PM, NICAG/SP, NIO/PE, NIO/USSR,
 NIO/WE, ODPH-H, ODPN-N, ODPS-S, OEA/NA, OEA/NA/J-2, OER, OGI/E/D,
 OGI/E/M, OGI/E/PSA, OGI/E/TEC, OGI/GD/SE, OGI/R/MR, OOE/EI/E, OOE/EI/P,
 OOE/FR, OOE/GB, OOE/IT, OOE/UK, OOE/WE, OSA/CS/EP, OSA/CS/SD, OSA/CS/X,
 OSA/PA/F, OSA/PA/S, OSWR/TTC, OSWR/TTC/S, PLANFAC-E, RF, SE/RR, SE/XEU,
 SOV/CS/S/I, SOV/CS/Y, SOV/EAG, SOV/SE, SOV/SE/M, SOV/SE/R, SOV/SE/T,

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 ZNYCCCCC ZOC STATE ZZH
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 PP RUEHC RUEHQO
 DE RUEHRO #6429 1961207
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 P 151207Z JUL 82
 FM AMEMBASSY ROME
 TO RUEHC/SECSTATE WASHDC PRIORITY 9015
 INFO RUEHQO/ALL EC CAPITALS
 RUEHROC/AMCONSUL MILAN 9836
 RUEHROA/AMCONSUL FLORENCE 7433
 RUEFHNA/USMISSION USNATO 7663
 BT
 C O N F I D E N T I A L ROME 16429

E.O. 12065: GDS 7/15/88 (HOLMES, JOHN W.) OR-E
 TAGS: EEWT, ENRG, IT
 SUBJECT: SOVIET GAS PIPELINE: NUOVO PIGNONE COMMENTS ON
 - SANCTIONS

REF: FLORENCE 492

1. C - ENTIRE TEXT.

2. ON JULY 14, MARCELLO CAROBBI, MARKETING DIRECTOR FOR
 NUOVO PIGNONE, OUTLINED THE DIFFICULTIES THE USG SANCTIONS
 HAVE CREATED FOR NUOVO PIGNONE TO ECOMIN AND EMBOFF.
 CAROBBI MADE NEARLY ALL THE SAME POINTS REPORTED EARLIER
 (REFTEL) WITH THE FOLLOWING ADDITIONAL TWO NEW VIEWS:

A) IF THE USG DOES NOT MODIFY ITS STAND ON RETROACTIVITY
 AND TERRITORIALITY OF THE SANCTIONS, THERE ARE NUMEROUS
 FIRMS THAT CAN PRODUCE FRAME V ROTORS. HE CITED TO

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State Dept. review completed

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SUPPORT THIS VIEW THAT "FIRMS IN ITALY, FRANCE, GERMANY,
AND JAPAN CAN PRODUCE 200 ROTORS IN FOUR MONTHS.

B) CONTINUING HIS DISCUSSION OF ALTERNATIVES TO THE
GE 5002 ROTOR, HE SAID THAT ONE POSSIBILITY WOULD BE FOR
THE SOVIETS TO USE SOME OF THE 200-300 GE-TYPE TURBINES
THEY CURRENTLY HAVE IN THE SIBERIAN GAS PIPELINE. HOWEVER,
AS HE NOTED, MANY OF THESE ARE ALREADY INSTALLED IN OTHER
PIPELINES.

3. COMMENT. MOST OF CAROBBI'S DISCOURSE FOCUSED ON THE
"ENORMOUS DIFFICULTIES" THE SANCTIONS ARE CAUSING FOR
NUOVO PIGNONE WHOSE SOVIET CONTRACT IS ROUGHLY EQUAL TO
ONE YEAR'S TURNOVER. ALTHOUGH HE SPENT SOME TIME
DISCUSSING WAYS TO GET AROUND THE SANCTIONS BY BUILDING
ROTORS ELSEWHERE, ETC. (THE TWO OPTIONS HE DESCRIBED DID
NOT STRIKE US AS VERY LIKELY ALTERNATIVES), THE THRUST
OF HIS ARGUMENT WAS THAT NUOVO PIGNONE WAS TOTTERING ON
THE BRINK OF COLLAPSE BECAUSE OF THE SANCTIONS AND HAS
FOUND NO WAY OUT AT THE PRESENT TIME. END COMMENT.
RABR

END OF MESSAGE

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THE DIRECTOR OF
CENTRAL INTELLIGENCE

National Intelligence Council



3 Msgs which essentially confirm analysis
in DCI talking points:

1. Nuovo Pignone hurt by sanctions but has
not decided what to do.
2. AA does not feel sanctions affect the
forty rotors already ordered (an erroneous
interpretation) but does not plan to
expand its capacity in order to build more.
3. EC has protested the sanctions.

